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August 3, 2012

**Ex Parte**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**RE: *Universal Service Contribution Methodology; Universal Service Administrative Company Request for Guidance, WC Docket No. 06-122***

Dear Ms. Dortch:

On August 1, 2012, Chris Miller and the undersigned of Verizon spoke by telephone with Michael Steffen, Legal Advisor to Chairman Genachowski, regarding the above-captioned proceeding.

In the meeting and telephone conversation, we discussed the Joint Petition of AT&T, CenturyLink, SureWest, and Verizon for Clarification or in the Alternative for Partial Reconsideration<sup>1</sup> of the *Telepacific Order*.<sup>2</sup> We urged the Commission to make clear that wholesale providers cannot be forced to make Universal Service Fund (USF) contributions on behalf of carrier-customers in situations where they in fact obtain a reseller certification from those customers. In particular, the Commission should make clear that wholesale providers that complied with the directions in the Form 499 Worksheet Instructions cannot be made to restate their revenues and make additional contributions to the fund if it later turns out that a reseller, for whatever reason, either should not have signed a certification or should have submitted a modified certification.

We also discussed proposals to change the reseller exemption process to require resellers to apportion facilities or services purchased from wholesale providers between services resold as telecommunications and those resold as information services. We explained that there is no

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<sup>1</sup> Petition of AT&T, Inc., CenturyLink, SureWest Communications, and Verizon for Clarification or in the Alternative for Partial Reconsideration, *Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. TelePacific d/b/a TelePacific Communications*, WC Docket No. 06-122 (June 1, 2010) ("Petition" and "Joint Petitioners").

<sup>2</sup> *Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. TelePacific d/b/a TelePacific Communications*, Order, 25 FCC Rcd 4652 (2010) ("*TelePacific Order*").

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existing Commission rule that prohibits a customer from accurately certifying on an entity basis that it is a reseller. In fact, the Commission's recent Notice of Proposed Rulemaking (NPRM) in this docket seeks comment on whether the Commission should adopt, for the first time, a rule that requires resellers to apportion their wholesale purchases in some fashion.<sup>3</sup> Consequently, the Commission should, if at all, only impose an apportionment requirement by adopting a new rule in its comprehensive contribution reform proceeding, for which the comment cycle has not closed.

We explained further that any requirement for resellers to apportion their wholesale purchases would require costly and time-consuming changes to ordering, billing, and reporting systems, and would increase carriers' burden of administering the contribution system. Because of those burdens, commenters on the recent NPRM uniformly opposed an apportionment approach and also observed that any new apportionment requirement would take a significant amount of time for both wholesale providers and reseller customers to implement. At a minimum, if the Commission elects to move forward with an apportionment requirement it should afford companies sufficient time to make these complicated process changes.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's rules. Please contact me if you have any questions.

Sincerely,

/s/ Alan Buzacott

cc: Michael Steffen (via e-mail)

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<sup>3</sup> *Universal Service Contribution Methodology, A National Broadband Plan For Our Future*, WC Docket No. 06-122, GN Docket No. 09-51, Further Notice and Notice of Proposed Rulemaking, ¶ 170 (rel. April 30, 2012).